

SWRCB Activities Update

January 14, 2016

1. 12/15/2015 Board Meeting:

Information item: Update re the Development of Surface Water Augmentation Regulations and Report to the Legislature on the Feasibility of Developing Regulations for Direct Potable Reuse

Staff agenda item description:

DDW [Division of Drinking Water] will report on progress of the two primary tasks incorporated into the California Code by SB 918 (2010) and SB 312 (2013), to advance the potential use of highly-treated recycled water for potable purposes. The work includes the following key components:

- Surface Water Augmentation (SWA) - The drafting of criteria for augmenting surface water reservoirs with recycled water. Working towards the adoption of the SWA criteria through regulations by December 31, 2016.
- Review and Evaluation of the Draft SWA Criteria by the Expert Panel – The Expert Panel is charged with reviewing the draft SWA Criteria to determine whether the draft SWA Criteria are “protective of public health”.
- Development of the Report to the Legislature on the Feasibility of Developing Criteria for Direct Potable Reuse (DPR) – This includes gathering key scientific and technical information and recommendations from both an Expert Panel and Advisory Group formed pursuant to the Water Code. This Report to the Legislature is due by December 31, 2016. A Public Review draft of the Report is to be posted by September 1, 2016
- Ensuring the Adequacy of Potable Reuse Research – DDW is working closely with the Division of Water Quality to ensure the adequacy and timeliness of ongoing research related to Direct Potable Reuse. The Expert Panel and DDW are using this research to evaluate the feasibility of DPR.

2. 12/15/2015 Board Meeting: Board approves proposed Resolution Adopting the Prop. 1 Stormwater Grant Program Guidelines

Staff agenda item description:

The Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Proposition 1), was approved by California voters on November 4, 2014. Proposition 1 provided \$200 million to the State Water Resources Control Board (State Water Board) for matching grants to public agencies, nonprofit organizations, public utilities, state and federally recognized Indian tribes, and mutual water companies for multi-benefit storm water management projects (California Water Code § 79747). The State Water Board has approximately \$186 million available to administer grants for planning and implementation projects, after bond and program administration costs. State Water Board staff have developed Guidelines for State Water Board consideration to establish the process and criteria that the Division of Financial Assistance (Division) will use to solicit applications, evaluate and rank proposals, and recommend projects

for funding. These Proposition 1 SWGP Guidelines include the information and documentation that applicants will be required to submit when applying for grant funding.

3. 12/15/2015 Board Meeting: Board approves proposed Resolution Adopting the Stormwater Resource Plan Guidelines

Staff agenda item description:

The draft Storm Water Resource Plan Guidelines (Guidelines) propose to establish guidance for the development of Storm Water Resource Plans in accordance with Water Code section 10565. (Senate Bill 985, Stats. 2014, ch. 555, § 5.) Water Code section 10563(c)(1) requires a Storm Water Resource Plan as a condition of receiving grants for storm water and dry weather runoff capture projects from any bond approved by voters after January 2014. These Water Code requirements apply to Proposition 1's \$200 million in grants for multi-benefit storm water management projects.

Water Code section 10565 requires the State Water Resources Control Board (State Water Board) to establish such guidance for public agencies to develop Storm Water Resource Plans prior to receiving bond funding. At a minimum, Water Code section 10565 requires that the Guidelines:

- Identify the types of local agencies and nongovernmental organizations that need to be consulted during the development of a Storm Water Resource Plan;
- Define the appropriate quantitative methods for identifying and prioritizing opportunities for storm water and dry weather runoff capture projects; and
- Define the appropriate geographic scale of watersheds for storm water resource planning.

4. 1/5/2016 Board Meeting: Board to consider approval of a proposed Resolution Authorizing the Sale of up to \$1.2 Billion of new Revenue Bonds for the Clean Water State Revolving Fund (CWSRF)

Staff agenda item description:

The Division of Financial Assistance (Division) regularly assesses the need to leverage the CWSRF based on the program's cash flow forecasts. The forecasts are based on a variety of dynamic factors, with federal grant levels and the timing of project disbursements being the most significant factors. Federal grant levels vary yearly, and disbursement projections are continually updated by the Division to ensure that cash flow forecasts are as accurate as possible.

Although cash flow forecasts are dynamic, the current level of commitments along with foreseeable new commitments indicate that the CWSRF will need additional cash in 2016 and 2017. Based on these conditions, the Division wants to be prepared to sell new revenue bonds to increase available cash and meet current and near term commitments.

In 2002, the CWSRF sold \$300,000,000 par value of bonds, and completed a refunding bond sale in 2012 to refinance the \$91,800,000 remaining balance. The Division anticipated further leveraging of the CWSRF in 2012, and as part of the refunding, the State Water Resources Control Board (State Water Board) authorized the Division to sell an additional \$300,000,000 worth of bonds in Resolution No. 2012-0025. The State Water Board also approved an updated Master Indenture for the CWSRF in anticipation of future bond sales.

While the authority in Resolution 2012-0025 remains in effect, it should be updated to reflect current conditions. Therefore, the Division seeks to renew and update the authority granted in Resolution No. 2012-0025 to better reflect the current status of the CWSRF. Additional bonds may be sold in multiple sales, but would be sold only if each sale is approved by the State Water Board and cash flow conditions warrant.

5. 1/5/2016 Board Workshop: Update regarding the Status of Agency Actions by the Salton Sea Task Force

The purpose of the Workshop is to receive an update from four agencies and receive input from the public regarding the status of agency actions identified by the Salton Sea Task Force.

Public Notice description of this Workshop:

BACKGROUND

Governor Edmund G. Brown Jr. established the Salton Sea Task Force (Task Force) in May. The Task Force includes experts from the California Natural Resources and Environmental Protection Agencies, including representatives from the State Water Board. The Task Force has sought input from tribal leaders, federal agencies, local water districts, local leaders, and other public and private stakeholders with an interest in the Salton Sea. The Task Force relied on information gathered during these meetings to produce its recommendations, which were released on October 9, 2015, and included a description of the principles necessary for a successful Salton Sea Management Program. In addition, Governor Brown appointed Bruce Wilcox as Assistant Secretary for Salton Sea Policy at the Natural Resources Agency to oversee habitat restoration efforts along the shoreline of the Salton Sea.

This workshop follows the State Water Board's workshop held on March 18, 2015 to solicit comments regarding the status of the Salton Sea and the State Water Board's Revised Order WRO 2002-0013. For more information about the background and history of the State Water Board's involvement with the Salton Sea, please visit the State Water Board's web page at: http://www.waterboards.ca.gov/waterrights/water_issues/programs/salton_sea/

ISSUES FOR DISCUSSION AT WORKSHOP

As a part of the Task Force, the State Water Board will regularly monitor and assess progress on the implementation of the Salton Sea Management Program, and periodically hold public workshops as part of this function.

The State Water Board is seeking updates from four agencies on the implementation of the Salton Sea Management Program:

- The California Natural Resources Agency regarding efforts to improve public outreach and local partnerships and implement habitat creation and dust suppression projects;
- The Colorado River Regional Water Quality Control Board regarding efforts to improve water quality in major tributaries to the Salton Sea;
- The California Air Resources Board regarding efforts to address air quality impacts from the Salton Sea; and

- The California Energy Commission regarding consideration of renewable energy opportunities at and around the Salton Sea and the region.

The Salton Sea Task Force included the specific actions for each of the agencies listed above in the recommendations that were release on October 9, 2015, and are available at:

http://resources.ca.gov/docs/salton_sea/Task_Force_Actions-151007.pdf

In addition to the agency updates, the workshop is an opportunity for interested persons to provide input to the State Water Board relative to the implementation of the Salton Sea Management Program.

R7 Update: Mr. Bruce Wilcox, Natural Resources Agency Assistant Secretary for Salton Sea, will be giving an update on the Salton Sea Restoration Efforts. It is an Informational Item, and is listed as Agenda Item #8 in the Colorado River Basin Water Board Summary Agenda. Mr. Jose Angel is to give a presentation to the State Water Board at its January 5, 2016 meeting on behalf of the Colorado River Basin Water Board.

6. 1/6/2016 Board Meeting: Board to consider approval of a proposed Resolution Adopting a Strategy to Optimize Resource Management of Stormwater

Staff agenda item description:

State Water Resources Control Board (State Water Board) staff developed the Storm Water Strategic Initiative to advance the State Water Board's Storm Water Program by reevaluating management of storm water discharges. State Water Board staff conducted outreach and collected stakeholder input on current storm water-related issues and suggestions to improve management of regulatory and funding programs. Based on stakeholder input, staff produced the Proposal to Develop a Storm Water Program Workplan and Implementation Strategy (Proposal). The Proposal attempts to address stakeholder concerns and identifies methods to integrate watershed management, multiple-benefit solutions, source control, and regulatory efficiencies.

Staff released the Proposal on June 25, 2015 for a four-week public comment period. On August 19, 2015, the State Water Board held a Board Public Workshop to provide information and allow the public to comment on the Proposal. State Water Board direction and public comments made at the workshop led to the development of a Strategy to Optimize Resource Management of Storm Water (Storm Water Strategy), which consolidates the projects introduced in the Proposal, and provides a detailed implementation plan.

7. Proposed Regulatory Framework for Extended Emergency Regulation for Urban Water Conservation:

- Comments are due on this proposed regulatory framework by January 6, 2016
- A draft Emergency Regulation will be released for public comment in mid-January 2016
- State Water Board consideration of an extended emergency regulation is anticipated in early February 2016.

Description below of this proposed emergency regulation is from the State Water Board's Drought Portal Website:

http://www.waterboards.ca.gov/water_issues/programs/conservation_portal/emergency_regulation.shtml#framework

The specific, proposed framework for revising the drought emergency regulation can be viewed here:

http://www.waterboards.ca.gov/water_issues/programs/conservation_portal/docs/extended_reg_framework.pdf

BACKGROUND:

On April 1, 2015, Governor Brown issued the fourth in a series of executive orders on actions necessary to address California's drought. On May 5, 2015, the State Water Resources Control Board (State Water Board) adopted an Emergency Regulation to address specific provisions of the April 1 Executive Order, including a mandatory 25 percent statewide reduction in potable urban water use between June 2015 and February 2016. To reach the statewide 25 percent reduction mandate, the Emergency Regulation assigns each urban water supplier a conservation tier that ranges between 4 and 36 percent based residential per capita water use for the months of July – September 2014.

At the time the State Water Board adopted the current Emergency Regulation some urban water suppliers had proposed further refinement to the conservation tiers to reflect a range of factors that contribute to water use. State Water Board Resolution No. 2015-0032 directed staff to work with stakeholders to further develop and consider these factors, including but not limited to temperature, growth, use of drought resilient supplies, and others for adjustment to the Emergency Regulation should it need to be extended into 2016.

On November 13, 2015, Governor Brown issued Executive Order B-36-15 (EO B-36-15) calling for an extension of urban water use restrictions until October 31, 2016, should drought conditions persist through January 2016. Between August and November 2015 State Water Board staff convened a small group of individuals representing a variety of water interests to further explore potential modification of the Emergency Regulation. The State Water Board also held a public workshop on December 7, 2015, to solicit input on elements of the existing Emergency Regulation, if any, that should be modified. The stakeholder process and workshop led to development of several proposals for modification of the Emergency Regulation, which are discussed below, along with staff recommendations.

Staff recommendations are based on the criteria that modifications to the Emergency Regulation be transparent, intelligible, equitable, reasonable, provide sufficient water savings statewide, and be feasible to implement and enforce. As directed by the Governor in EO B-36-15, this proposal would extend until October 31, 2016 restrictions to achieve a statewide reduction in urban potable water usage.

Among the proposed regulatory changes recommended by State Water Board staff include the following:

Climate adjustment:

Stakeholder Proposal: Water suppliers in warmer climates would be granted a reduced conservation standard based on their service area evapotranspiration (ET) relative to statewide average ET. The adjustments would be calculated by multiplying the deviation from average ET by the water supplier's conservation standard and would range from a 0-15 percentage point decrease to suppliers existing conservation requirement. As proposed, no supplier would have their standard increased.

Staff Recommendation: Incorporate a climate adjustment in the Emergency Regulation that reduces the conservation requirement by up to 4 percentage points for water suppliers located in the warmest regions of the State. The climate adjustment would be based on each urban water supplier's approximate service area ET for the months of July through September as compared to statewide average ET for the same months. The adjustment would range from a 2-4 percentage point decrease in an urban water supplier's conservation requirement depending on service area ET as follows:

Deviation from Average ET	Reduction in Conservation Standard
>20%	4%
10 to 20%	3%
5 to <10%	2%

Growth adjustment:

Stakeholder Proposal: Each urban water supplier's 2013 baseline water use would be increased to account for growth in new service connections since 2013. The volume of water per connection in 2013 would be calculated (based on total use divided by number of connections) and multiplied by the number of connections added since 2013. This volume of water could be added to the 2013 baseline to account for new growth, resulting in a decrease to the supplier's conservation volume requirement but not its conservation standard.

Staff Recommendation: Provide a mechanism to adjust urban water supplier conservation standards to account for water efficient growth since 2013. The adjustment will be equal to the ratio of the additional volume of water used since 2013 to the baseline water use for 2013, multiplied by the water supplier's conservation standard.

--See empirical calculations and example on pp. 2-3 of the proposed regulatory framework for details.

Elimination of Commercial Agriculture Exclusion:

Stakeholder Proposal: The current Emergency Regulation allows water supplied for commercial agricultural use to be excluded from total potable production, if certain conditions are met. The proposal is to eliminate the exclusion or to change the definition of what constitutes commercial agricultural use to prevent exclusion of water attributable to noncommercial agricultural use or non-agricultural use that may be excluded improperly.

Staff Recommendation: Staff recommends modifying the Commercial Agriculture Exclusion to require certification that customers whose water use is subtracted under the exclusion produce a minimum of \$1,000 per year in revenue from agricultural sales and are not subtracting water used on ornamental landscapes. This change would limit use of the exclusion for properties with minimal agricultural sales or mixed commercial agricultural and ornamental landscape use. The \$1,000 threshold is consistent with the US Department of Agriculture's definition of a farm. Staff estimates the existing agricultural exclusion has resulted in about an 11,000 acre feet reduction in conserved water since June 2015. Modifying the commercial agriculture exclusion as proposed could result in a slight increase of conserved water.

Revisions for suppliers with significant seasonal or transient populations:

Stakeholder Proposal: The Emergency Regulation assigned conservation tiers based on R-GPCD during the months of July, August, and September 2014. The proposal is to re-assign tiers based on 12 months of R-GPCD data, because some areas, mainly the desert regions, have the highest population during the winter months.

Staff Recommendation: Staff does not recommend changing the process for assigning conservation tiers to account for year round residential per capita water use because it would reduce the regulation's current emphasis on saving water where outdoor use is highest. In addition, this proposal would in effect provide allowances for properties that are unoccupied for part of the year but irrigated year-round. However, staff proposes to update each water suppliers R-GPCD values using the most up to date July-September 2014 data that had been provided as of January 1, 2016. Water suppliers have also been encouraged and allowed to correct any inaccurate data and provide modified population information to account for monthly changes in population.

A Cap on Credits and Adjustments:

Staff recommends that all credits and adjustments be capped to allow up to a maximum of a four percentage point decrease to any individual water supplier's conservation standard (tier).

--There are other stakeholder proposals not described here. Therefore, please refer to the State Water Board proposed regulatory framework document itself.

Again, that document can be viewed here:

http://www.waterboards.ca.gov/water_issues/programs/conservation_portal/docs/extended_reg_framework.pdf